

Message Text

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16

ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 CAB-05 CIAE-00 COME-00

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EUR/WE - BEIGEL

FEA-ROHWEDER

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FM SECSTATE WASHDC

TO AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: EAIR, IT

SUBJECT: CIVAIR - JET FUEL PRICES

REF: ROME 1270

1. UNDER APPLICABLE U.S. FUEL ALLOCATION POLICIES, AIR CARRIERS ARE ENTITLED TO 100 PERCENT OF 1972 USAGE OF "DOMESTIC AVIATION FUEL". "DOMESTIC AVIATION FUEL" INCLUDES BOTH DOMESTICALLY PRODUCED AND IMPORTED FUEL. DOMESTICALLY PRODUCED CRUDE IS SUBJECT TO FEA PRICE CONTROLS WHILE FOREIGN IMPORTED CRUDE ENTERS THE U.S. AT WORLD MARKET PRICES. THE PRICE OF DOMESTIC AVIATION FUEL THUS REFLECTS A FORMULA AVERAGING THE COST OF DOMESTIC AND IMPORTED CRUDE. AS A RESULT, THE PRICE OF DOMESTIC AVIATION FUEL IS KEPT BELOW THE "WORLD MARKET" (BONDED) PRICE FOR AVIATION FUEL. THE GAP IS APPROXIMATELY 5-6 CENTS AT MOST U.S. POINTS.

2. CURRENT AVIATION FUEL PRICES IN THE U.S. VARY DEPENDING
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ON THE LOCATION AND TERMS OF CONTRACTS BETWEEN BUYER AND

SELLER (SOME CONTRACTS ARE LONG-TERM AND WERE NEGOTIATED BEFORE THE OIL EMBARGO AT PRICES WELL BELOW CURRENT SPOT LEVELS). FROM OCT 73 TO DEC 74, THE SPOT PRICE OF DOMESTIC AVIATION FUEL ROSE FROM 11 CENTS GALLON TO 35 CENTS A GALLON. THE INTERNATIONAL OR WORLD MARKET PRICES

DURING THAT PERIOD WERE BETWEEN 12 CENTS AND 45 CENTS A GALLON. INGERSOLL

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Message Attributes

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Disposition Comment:
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Disposition Event:
Disposition History: n/a
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Drafter: JCOOK:GL
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